

CHAPTER 21

MISCELLANEOUS GUIDELINES

RAINY DAY FUND

A political subdivision may establish a rainy day fund to receive transfers of unused and unencumbered funds under IC 36-1-8-5.

IC 36-1-8-5(d) states that whenever the purposes of a tax levy have been fulfilled and an unused and unencumbered balance remains in the fund, the governing body of a political subdivision shall order the balance of that fund to be transferred to the general fund or rainy day fund of the political subdivision, as provided in IC 36-1-8-5.1, unless a statute provides that it be transferred otherwise.

IC 36-1-8-5.1 states that the rainy day fund is subject to the same appropriation process as other funds that receive tax money. Before making an appropriation from the rainy day fund, the governing body shall make a finding that the proposed use of the rainy day fund is consistent with the intent of the fund.

In any fiscal year, a political subdivision may transfer not more than ten percent (10%) of the political subdivision's total budget for that fiscal year to the rainy day fund.

The State Board of Tax Commissioners may not reduce the actual or maximum permissible levy of a political subdivision as a result of a balance in the rainy day fund of the political subdivision.

Keep in mind that a rainy day fund may only be established in relation to an unused tax levy. A rainy day fund may not be established as a result of unused or unspent monies from any other source.